

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2441

ANSWERED ON:08.12.2006

INSURANCE COVER ON SAVING BANKS DEPOSITS

Kharventhan Shri Salarapatty Kuppusamy

Will the Minister of FINANCE be pleased to state:

- (a) whether some of the nationalized banks have started insurance cover to savings bank deposit holders;
- (b) if so, the details thereof;
- (c) whether the Government proposes to issue directions to all the nationalized banks to adopt the scheme to facilitate the account holders;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a) & (b): Reserve Bank of India (RBI) has reported that; some banks have been offering deposit products to their customers with personal accident cover in respect of which the insurance premium is being recovered from the customers.
- (c): No, Sir.
- (d): Does not arise.
- (e): RBI guidelines provide that banks need not obtain its prior approval for engaging in insurance agency business or referral arrangement without any risk participation. However, as the participation by a bank's customer in insurance products is purely on a voluntary basis, it should be stated in all publicity material distributed by the bank in a prominent way. There should also be no 'linkage' either direct or indirect between the provision of banking services offered by the banks to its customers and use of the: insurance products.